

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 EB-07 RSC-01 CG-00 DOTE-00 /019 W

----- 056369

R 210918Z NOV 74

FM AMCONSUL NAHA

TO MR GEORGE GOOD PRES BERTRAM YACHT CORP 3663 NW 21ST ST

MIAMI FLA 33152

INFO SECSTATE WASHDC 1570

USDOC WASHDC UNN

USIA WASHDC UNN

AMEMBASSY TOKYO

AMCONSUL HONG KONG

UNCLAS NAHA 517/1

E.O. 11652 N.A.

TAGS: BTIO, SCUL, ETRD, JA, BGEN

SUBJ: BOATS FOR OCEAN EXPO 75 (PART 1)

REF: NAHA 488 NOTAL, STATE 216022 NOTAL

USIA/ICS/ES

USDOC/TCED FOR LCSANTONE

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AMEMBASSY TOKYO FOR USIS/EXPO CLARKE AND COMMATT GLICK

AMCONSUL HONG KONG FOR EXIM V.P. RAND

1. SUMMARY. WE HAVE ENCOURAGED TWO LOCAL FIRMS TO BUY BERTRAMS FOR USE DURING OCEAN EXPO 75 TO OPEN JAPANESE MARKET FOR U.S. MADE BOATS. WE ARE PREPARED TO WORK WITH EITHER OR BOTH TO ASSIST YOUR EXPORT SALES. THIS CABLE PROVIDES BACKGROUND ON LOCAL SITUATION. END SUMMARY.

2. JAPANESE MARKET FOR BOATS IS GROWING IN SPITE OF GENERAL ECONOMIC DEVELOPMENTS. MARKETING INNOVATION WHEREBY BOATERS JOIN MEMBERSHIP CLUB RATHER THEN BUY INDIVIDUAL BOAT IS NEW FACTOR PERMITTING MORE SALES OF LARGER BOATS. NON-TARIFF BARRIER IN FORM OF JAPAN SMALL CRAFT INSPECTION LAW AND SHIP SAFETY INSPECTION LAW CAN BE OVERCOME IN OKINAWA, WHERE YAMAHA HAS NOT YET ESTABLISHED ITS CONTROL. YAMAHA HAS ABOUT 85 PCT OF JAPAN BOAT MARKET,

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HAS STRONG INFLUENCE ON INSPECTION CRITERIA AND INSPECTING

ORGANIZATIONS. LARGEST BOAT MADE BY YAMAHA IS ABOUT 28 FEET; APPARENTLY THEY WANT TO PROTECT MARKET FOR 30-50 FOOTERS UNTIL THEY COMPETITIVE.  
3. MR. HIDETARO KINJO, OF NAKAMURA CORP., HAS DISCUSSED HIS

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PLANS TO BUY FOUR BERTRAMS AND FOUR COLUMBIA/CORONADOS WITH YOU. KINJO IS INNOVATIVE ENTREPRENEUR SETTING UP JAPAN-WIDE SAILING AND SPORTS FISHING CLUB. HE IS ARRANGING PARTNERS IN FUKUOKA, OSAKA, NAGOYA, AND TOKYO AREA, INCLUDING (A) SAIL/MOTOR BOAT SCHOOL FIRM OPERATING FLEET OF 300 SMALL SAIL AND MOTOR BOATS, WITH STRONG MAINTENANCE/OPERATIONG CAPABILITY, (B) MAJOR MFG. FIRM IN TOKYO, PRODUCER OF INKS, PAINTS, FIBERGLASS, GELCOAT, WHICH WANTS TO BUILD BERTRAMS IN JAPAN UNDER LICENSE FROM YOU, (C) MAJOR JAPANESE CONSTRUCTION FIRM, FOR LAND ACQUISITION AND MARINA CONSTRUCTION, (D) BOAT AND YACHT MAGAZINE, EQUIV. OF U.S. MOTOR BOATING AND SAILING, FOR EDITORIAL/ADVERTISING SUPPORT. KINJO HAS STUDIED JAPANESE BOAT MARKET FOR OVER A YEAR AND IS CONVINCED THAT U.S. MAKERS COULD GET 30 PCT OF MARKET IF THEY LINK UP WITH STRONG JAPANESE OUTFIT. ACCORDING KINJO, U.S. BOAT MAKERS NOW SELL THROUGH AUTO MAKERS (YANASE-HATTERAS, ANZEN-TROJAN), MAJOR TRADING FIRMS (MITSUI-CAL), AND DO NOT HAVE MARKETING SUPPORT. KINJO'S CONSORTIUM COULD PROVIDE STRONG SUPPORT FOR YOUR EXPORT EFFORTS. HE EXPECTS NO DIFFICULTY IN GETTING BOATS THROUGH INSPECTION

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FOR USE IN EXPO 75 AND LATER WANTS TO ARRANGE JAPANESE GOVT INSPECTION OF PROTO-TYPE AT YOUR FACOTRY, MAKING INDIVIDUAL INSEPTION OF EACH IMPORTED BOAT UNNECESSARY. HE SAID HE HAS TAKEN INITIAL STEPS TO ARRANGE TRADE FINANCING IN THE AMOUNT OF OVER \$500,000 AND HAS RECEIVED AN ORAL COMMITMENT FROM AN AMERICAN FIRM IN OKINAWA (WITH OVER ONE MILLION DOLLARS SHORT-TERM CREDIT LINE FROM BANK OF AMERICA OKINAWA BRANCH) THAT THE U.S. FIRM WOULD ASSIST IN SETTING UP ADDITIONAL  
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SHORT-TERM FINANCING AND IN CONVERTING THE SHORT-TERM CREDITS TO MEDIUM-TERM THREE YEAR CREDITS. WE DO NOT THINK HE HAS TIED DOWN ALL HIS FINANCING OR ORGANIZATION, BUT HE WILL DISCUSS THIS WITH YOU WHEN HE VISITS MIAMI TO MEET WITH YOU, MR. CALAHAN, AND MR. WHITE.  
4. MR. SADANAO TAKARA, PRES, OF TAKARA GROUP, WHO VISITED YOU IN AUG, IS OTHER PROSPECTIVE BUYER. HE TOLD US HE HAS BEEN ASKED PERSONALLY BY MINISTER OF INTERNATL TRADE &

INDUSTRY, MINISTER OF TRANSPORTATION, AND DIRECTOR OF THE PRIME MINISTER'S OFFICE (CONCURRENTLY DIRECTOR OF OKINAWA DEVELOPMENT AGENCY) TO PROVIDE VIP COURTESY BOATS FOR OCEAN EXPO 75. THEY ASKED HIM TO USE JAPANESE BOATS, BUT

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HE INSISTED ON BERTRAM. IN OCT 18 LETTER TO YOU, HE ASKED TO BUY FIVE BERTRAMS (ONE 46-, THREE 35-, AND ONE 28-FOOTER). HE ASKED YOU TO ARRANGE EXIM OR OTHER SUITABLE FINANCING (FYI - TO INDICATE US GOVT SUPPORT, AN IMPORTANT INDICATOR IN JAPAN.

5. TAKARA IS BEING CONTACTED ALMOST DAILY BY MINISTRY OF INTERNATL TRADE AND INDUSTRY ABOUT HIS COST FIGURES FOR BOAT PURCHASE/OPERATIONS SO THAT MONEY CAN BE APPROPRIATED IN 1975 MITI BUDGET. HE NEEDS ANSWERS TO FOLLOWING QUESTIONS ASAP AND NO LATER THAN NOV 27:  
(A) WILL YOU SELL TO HIM DIRECT AND NOT THROUGH MORISHIGE SYLVESTER

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